

## Message Text

CONFIDENTIAL

PAGE 01 STATE 040592

70

ORIGIN EB-05

INFO OCT-01 CCO-00 RSC-01 SS-15 SSO-00 ISO-00 /022 R

DRAFTED BY: EB/ITP:MSLUCY

APPROVED BY: EB/OT:MGLITMAN

S/S-O:WNEWLIN

----- 072913

P 282214Z FEB 74 ZFF4

FM SECSTATE WASHDC

TO AMEMBASSY CANBERRA PRIORITY

INFO AMEMBASSY JAKARTA PRIORITY

C O N F I D E N T I A L STATE 040592

TODEP 71

FOLLOWING REPEAT STATE 38539 SENT ACTION EC BRUSSELS  
INFO BONN BRUSSELS COPENHAGEN DUBLIN GENEVA THE HAGUE  
LUXEMBOURG PARIS ROME LONDON, FEBRUARY 26TH:

QUOTE C O N F I D E N T I A L STATE 038539

E.O. 11652: GDS

TAGS: ETRD, EC, US, GATT

SUBJECT: SCENARIO FOR ARTICLE XXIV:6 SETTLEMENT

1. MISSION SHOULD INFORM SOAMES THAT WE WELCOME PROPOSED  
24:6 SCENARIO AS WE UNDERSTAND IT, WITH AIM OF ARRIVING  
AT ACCEPTABLE OFFER TO BE APPROVED AT APRIL EC COUNCIL MEET-  
ING. TO BE SURE THERE IS NO MISUNDERSTANDING, SUGGEST  
MISSION GIVE SOAMES COPY OF FOLLOWING TEXT SETTING FORTH  
OUR UNDERSTANDING OF WHAT INVOLVED: BEGIN TEXT

U.S. UNDERSTANDING OF SCENARIO ON 24:6

(A) SOAMES WILL REPORT ON 24:6 TO EC COUNCIL MARCH  
4-5 AND ARRANGE DISCUSSION IN SUCH A WAY AS TO PROVIDE  
AUTHORIZATION TO RESUME INFORMAL NEGOTIATIONS WITH U.S.  
WITH AIM OF WORKING OUT MUTUALLY ACCEPTABLE AGREEMENT THAT  
WOULD BE PUT BEFORE EC COUNCIL FOR APPROVAL AT THE BEGIN-  
NING OF APRIL. EBERLE AND/OR MALMGREN WOULD BE PREPARED  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 040592

TO RESUME NEGOTIATIONS AS SOON AFTER THE MARCH MEETING AS

SOAMES FEELS WOULD BE PRACTICABLE.

(B) U.S. ADMINISTRATION WILL PLAY 24:6 IN LOW KEY AT SENATE FINANCE COMMITTEE HEARINGS. EBERLE AND/OR MALMGREN WILL PROBABLY BE ONLY ADMINISTRATION WITNESSES TO TAKE UP 24:6 IN INITIAL TESTIMONY. (FYI PARA. 5 BELOW SETS FORTH RELEVANT SECTION OF EBERLE'S PLANNED TESTIMONY WHICH MISSION MAY SHOW TO SOAMES. END FYI)

(C) U.S. WILL NOT PUBLISH POSSIBLE WITHDRAWAL LIST IN FEDERAL REGISTER OR ANNOUNCE PUBLIC HEARINGS BEFORE MARCH 4-5 MEETING. IF THAT MEETING RESULTS IN AUTHORIZATION FOR RESUMPTION OF NEGOTIATIONS, WE WOULD NOT TAKE THESE STEPS BEFORE THE APRIL COUNCIL MEETING. THE SITUATION AFTER THE APRIL MEETING WOULD, OF COURSE, HAVE TO BE CONSIDERED IN THE LIGHT OF THE SITUATION AT THAT TIME.

(B) IF OUR EFFORTS TO REACH A MUTUALLY SATISFACTORY AGREEMENT FAIL, AND OUR PRESENT AGREEMENT TO DEFER THE INITIATION OF INTERNAL PROCEDURES NECESSARY FOR WITHDRAWALS RESULTS IN OUR MAKING WITHDRAWALS AFTER JUNE 30, 1974 THE COMMUNITY WOULD NOT OBJECT IN ANY WAY TO THE TIMING OF OUR ACTION, AND WOULD ACQUIESCE IN APPROPRIATE FORMAL ACTION IN GATT WHICH WE MAY CONSIDER NECESSARY (FYI SEE PARAS. 3 AND 4 BELOW END FYI). WE ASSUME SOAMES WILL INFORM COUNCIL AT MARCH 4-5 MEETING OF HIS UNDERTAKING ON EC'S BEHALF NOT TO HOLD U.S. TO SIX MONTHS LIMIT OF ARTICLE XXVIII. END TEXT.

2. MISSION MAY INFORM SOAMES WE HAVE AVOIDED DISCUSSING THIS ISSUE WITH MEMBER STATES, BUT BELIEVE WE SHOULD DO SO BEFORE MARCH 4-5 COUNCIL MEETING. AS SOON AS SOAMES HAS CONFIRMED OUR UNDERSTANDING AS SET FORTH ABOVE, PLEASE INFORM US. WE PROPOSE THEN INSTRUCT U.S. EMBASSIES IN EC COUNTRIES TO INFORM HOST GOVERNMENTS OF OUR SUPPORT FOR THIS SCENARIO WITH AIM OF ENSURING THAT MARCH 4-5 COUNCIL MEETING GIVES SOAMES THE DESIRED AUTHORIZATION TO RESUME NEGOTIATIONS WITH U.S. FYI. WE WOULD WANT EMBASSY BONN TO ASSURE THAT EC COUNCIL CHAIRMAN SCHEEL IS PERSONALLY AWARE OF OUR SUPPORT FOR THIS SCENARIO. HOWEVER NO POST OTHER THAN USEC SHOULD TAKE ANY ACTION UNTIL FURTHER INFORMATION.

CONFIDENTIAL

PAGE 03 STATE 040592

THEY INSTRUCTED END FYI).

3. MISSION SHOULD INFORM SOAMES THAT IF SETTLEMENT NOT REACHED QUICKLY, WE MAY CONSIDER WE NEED SOME FORMAL ACTION IN GATT FRAMEWORK TO ENSURE OUR ABILITY TO MAKE WITHDRAWALS AT DATE LATER THAN JUNE 30, 1974. FOR EXAMPLE, MATTER WAS DEALT WITH IN FOLLOWING MANNER IN 1961 24: NEGOTIATIONS. AT MAY 12, 1961 TNC MEETING, CHAIRMAN (WYNDHAM WHITE), REFERRING TO THE POSSIBILITY OF WITHDRAWALS OF CON-

CESSIONS UNDER THE TERMS OF ARTICLE XXVIII:3, QUOTE  
SUGGESTED THAT THE TIME-LIMIT ALLOWED BY THAT PARAGRAPH FOR  
SUCH ACTION BE MADE TO COINCIDE WITH THE CONCLUSION OF THE  
DILLON ROUND. THE REPRESENTATIVE OF THE COMMISSION THOUGHT  
THAT THE PROPOSAL WOULD BE ACCEPTABLE TO THE COMMUNITY.  
IT WAS AGREED THAT, AT THE APPROPRIATE MOMENT, THERE  
WOULD BE NO GREAT E"TECHNICAL DIFFICULTIES TO THE SETTING  
OF A TIME-LIMIT OTHER THAN THAT PROVIDED FOR IN ARTICLE

XXVIII:3 END QUOTE. SOME ANALAGOUS PROCEDURE MIGHT  
BECOME DESIRABLE IN PRESENT CASE. (IMPORTANT DISTINCTION,  
HOWEVER, IS THAT THIS TIME WE ARE CONSIDERING ONLY A BRIEF  
EXTENSION. AS YOU KNOW, ACCEPTANCE OF CONCEPT OF FOLD-  
ING 24:6 INTO MTN NOT ACCEPTABLE). WE SEE NO NEED TO DIS-  
CUSS MECHANICS AT THIS TIME, BUT WANT TO BE SURE SOAMES'  
SUPPORT FOR EC ACQUIESCENCE IN APPROPRIATE PROCEDURE IF  
NECESSARY.

4. MISSION MAY WISH TO INQUIRE WHETHER EC ALSO CONTEMPLA-  
TES EXTENDING SIX MONTH PERIOD FOR OTHER COUNTRIES  
NEGOTIATING UNDER ARTICLE 24:6.

5. DRAFT TEXT OF ERBERLE TESTAMONY TO SENATE FINANCE  
COMMITTEE ON 24:6 FOLLOWS: BEGIN TEXT. AT THIS VERY  
MOMENT, AU YOU KNOW, WE ARE ALSO INTENSIVELY ENGAGED IN  
NEGOTIATIONS WITH THE EUROPEAN COMMUNITY CONCERNING THE  
TRADE EFFECTS OF ENLARGEMENT OF THE EC TO INCLUDE THE UK,  
IRELAND, AND DENMARK. THE ENTRY OF THESE THREE COUNTRIES  
TO THE EC RESULTED IN CHANGES IN THEIR TARIFFS AND NON-  
TARIFF MEASURES, TO BRING THEM INTO LINE WITH THE EC. FOR  
THE US THERE HAVE BEEN BOTH PLUSES AND MINUSES INVOLVED,  
AND SOME BRITISH, IRISH AND DANISH TARIFFS HAVE COME DOWN,  
WHILE OTHERS HAVE RISEN. TAKING ALL OF THIS INTO ACCOUNT  
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 STATE 040592

HOWEVER, WE BELIEVE THAT ADJUSTMENTS HAVE TO BE MADE IN  
OUR FAVOR TO MAKE A REASONABLE SETTLEMENT. WE HAVE BEEN  
NEGOTIATING WITH A VIEW TO OBTAINING A SIGNIFICANT TRADE  
CONCESSION ON SELECTED ITEMS OF PARTICULAR VALUE TO THE  
U.S. WWHICH MIGHT PROVIDE A PARTIAL, BUT ADEQUATE, COUNT  
E E E E E E E

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TARIFF NEGOTIATIONS, TRADE AGREEMENTS, TODEP 71  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 28 FEB 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974STATE040592  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** EB/ITP:MSLUCY  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** n/a  
**From:** STATE  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t1974021/aaaaaayz.tel  
**Line Count:** 154  
**Locator:** TEXT ON-LINE  
**Office:** ORIGIN EB  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:**  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** golinofr  
**Review Comment:** n/a  
**Review Content Flags:** ANOMALY  
**Review Date:** 03 APR 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <03 APR 2002 by elyme>; APPROVED <03 JUN 2002 by golinofr>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** SCENARIO FOR ARTICLE XXIV:6 SETTLEMENT  
**TAGS:** ETRD, US, GATT, EEC  
**To:** CANBERRA  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005